

Message Text

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ACTION NEA-10

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CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01
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AMEMBASSY LONDON

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E.O.11652: N/A
TAGS: ETRD, EFIN, BEXP, ENRG, IR
SUBJ: IRANIAN POLICY ON USE OF OIL BARTER FOR TRADE

REF: (A) TEHRAN 0381, (B) TEHRAN 0636

1. EMBOFF MET WITH BRITISH EMBASSY FIRST SECRETARY (COM'L)
BIAN SMITH AND DISCUSSED THE JANUARY 10-1- FIFTH SESSION OF THE
IRANO-BRITISH JOINT MINISTERIAL COMMISSION FOR TRADE AND ECONOMIC
COOPERATION. COPY OF THE PROTOCOL, (A PRIVILEGED DOCUMENT), AND
PRESS RELEASE POUCHED TO NEA/IRN AND EMBASSY LONDON. THE FOLLOW-
ING INFORMATION AND COMMENTS CONCERNING THE JOINT MINISTERIAL IS
ADDITIONAL TO THAT PROVIDED IN REFTELS. ALTHOUGH FEW ITEMS OF
COOPERATION MENTIONED IN THE PROTOCOL ARE NEW, BRITISH EMBASSY
OFFICIALS CONSIDER RESULTS SATISFYING. THEIR EXPECTATIONS WERE
MORE REALISTIC THAN IN PAST MEETINGS.

2. THE FOLLOWING, BY SUBJECT, SUMMARIZES PRINCIPAL ITEMS IN
THE PROTOCOL:

A. TRADE: THE COMMISSION EXPRESSED HOPE THAT THE
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NEGOTIATIONS FOR THE PURCHASE OF CONCORDE AIRCRAFT WOULD CON-
CLUDE SATISFACTORILY AND THAT BRITISH SHIPYARDS WOULD COOPERATE
IN THE SUPPLY OF VESSELS TO IRAN. (COMMENT: THE PRESS RELEASE
NOTED THE UK'S PERCEIVED EXPORT PROSPECTS RELATIVE TO IRAN'S
SIXTH PLAN AND IN MINISTER DELL'S PUBLIC STATEMENTS HE MENTIONED
A 100% UK EXPORT TO IRAN TARGET OF \$1 BILLION; JAN-NOV 1976
EXPORTS TO IRAN OF 471.7 MILLION POUNDS UP 3.4 PERCENT ON YEAR.)

B; INDUSTRY: TO SEEK IMPROVED MECHANISMS FOR SYSTEMATIC EXAMINATION OF POSSIBILITIES FOR TRANSFER OF TECHNOLOGY A HIGH LEVEL IRANIAN DELEGATION WILL VISIT THE UK.

C. AGRICULTURE: NOTED THAT COOPERATION IN CATTLE BREEDING AND PROGENY TESTING AND TRAINING HAD RESULTED. THE GOI EXPRESSED INTEREST IN ESTABLISHING A JOINT VENTURE ORGANIZATION TO IMPLEMENT AND MANAGE PROJECTS.

D. MANPOWER: NOTED THE AGREEMENT OF HMG'S TECHNICAL EDUCATION AND TRAINING FOR OVERSEAS COUNTRIES (TETOC) AND THE IRANIAN ORGANIZATION FOR SOCIAL SERVICES (IOSS) TO ESTABLISH A VOCATIONAL TRAINING CENTER AT TABRIZ, COOPERATION IN TWO ADDITIONAL TRAINING CENTERS IN IRAN AND THE POSSIBILITY OF ANOTHER AT THE ALBORZ INDUSTRIAL ESTATE.

E. ROAD TRANSPORT: AGREED TO A 1977 MEETING TO CONCLUDE A BILATERAL ROAD TRANSPORT AGREEMENT;

F. DOUBLE TAXATION: CONFIRMED HOPE THAT NEGOTIATIONS FOR SUCH WOULD TAKE PLACE. (COMMENT: AS IN THE CASE OF THE U.S., THE GOI SAID A DOUBLE TAXATION AGREEMENT MUST BE PRECEDED BY IRAN'S TAX REFORM.)

G. FINANCIAL CONFERENCE: CONTINUING COOPERATION NOTED AND FULL USE OF TRAINING FACILITIES OF CITY OF LONDON URGED. (COMMENT: VERY LITTLE HAS RESULTED FROM THE FIVE PERMANENT WORKING GROUPS ESTABLISHED DURING THE IRAN/UK FINANCIAL CONFERENCE IN OCTOBER 1975.)

H. IRAN-EEC RELATIONS: QUOTE THE TWO SIDES NOTED WITH SATISFACTION THAT NEGOTIATIONS FOR THE CONCLUSION OF A SPECIAL AGREEMENT BETWEEN IRAN AND AEC HAVE OGGLED. IN THIS CONNECTION THE UK PARTY DECLARED FULL SUPPORT FOR THE VIEW EXPRESSED BY THE EEC COUNCIL OF MINISTERS THAT THE PROPOSED AGREEMENT BETWEEN EEC LIMITED OFFICIAL USE

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AND IRAN SHOULD REFLECT A UNIQUE AND PRIVILEGED POSITION FOR IRAN IN THE NETWORK OF THE COMMUNITY'S RELATIONS WITH THIRD COUNTRIES, TO PROVIDE A FRAMEWORK TO ENCOURAGE THE DEVELOPMENT OF TRADE BETWEEN THE COMMUNITY AND IRAN, AND TO CREATE A CLIMATE WITHIN WHICH IRAN AND THE COMMUNITY WILL BE ABLE TO PLAY AN INCREASED PART IN EACH OTHER'S ECONOMIC DEVELOPMENT. END QUOTE.

3. NOTABLE SPECIFICS IN COOPERATION APPEARING IN ANNEXES RELATED TO POSSIBLE TRAINING PROGRAM FOR THE IRAN STATE RAILWAY, BRITISH OFFER OF EXPERTISE OF BRITISH POST OFFICE IN TELECOMMUNICATIONS, PRINTING AND PUBLISHING OF TEXTBOOKS (PRIMARILY ELEMENTARY, IN FARSI AND CHIEFLY IN UK ALTHOUGH POSSIBILITY OF JOINT PUBLISHING VENTURE IN IRAN MENTIONED); BRITISH INTEREST IN PROVIDING VESSELS, BARGES AND FERRIES (EXPORT POSSIBILITY FOR ASSEMBLING IN IRAN OF TWO OR THREE FORTY-TON MAXIMUM FERRIES FOR CASPIAN SEA), EXPORT OF SILOS, CONTRACTS IN HOUSING, FURTHER COOPERATION IN ELECTRICAL GENERATION AND PROVISION OF GAS TURBINES, ROAD BUILDING, AND CONTRACTS FOR MINING AND ENVIRONMENTAL CONTROL.

4. COMMENT AND ISSUES: SMITH SAID GOI INTROJUCED A NEW BILATERAL TRADE MEASUREMENT CONCEPT. HERETOFORE IRAN'S OIL EXPORTS HAD BEEN EXCPUDED, BUT NOW ARE INCLUJED RELATIVE TO IRAN'S IMPMRTS OF CAPI-TAL GOODS. IN FACE OF THE CONSIDERABLE HISTORY OF DISCUSSION AND PLANNING OF JOINT TRAINING PROGRAM, IT IS NOTEWORTHY THAT THE PREVIOUSLY INTENDED TRAINING OF 30;0 IRANIAN S IN THE UK HAS BEEN DROPPED. AT HIGHER TRAINING LEVEL, PROBLEMS FOR UK APPARENTLY CENTER ON AVAILABLE SLOTS IN BRITISH UNIVERSITIES AND SLOTS IN UK FIRMS INTERESTED IN IRAN. ALTHOUGH THE PROXLEM OF GOU ARREARAGES IN CONTRACT PAYMENTS IS MUCH LESS SERIOUS THAN LAST YEAR, SMITH SAID THE UK DELEGATION RAISED THE ISSUES AND SPECIFIC CASES WITH HOVEYDA, MAJIDI AND TASLIMI. RESPONSE WAS NONCOMMITTAL; MIKLOS

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